

House File 785 - Introduced

HOUSE FILE 785

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HSB 252)

A BILL FOR

1 An Act relating to rural economic development by providing tax
2 incentives for high-quality jobs in rural communities.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 15.102, Code 2019, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 08. "*Rural community*" means any city
4 located in this state with a population of thirty thousand
5 or less in a county with a population of fifty thousand or
6 less. A rural community located in more than one county shall
7 be considered to be located in the county having the greatest
8 taxable base within the city.

9 Sec. 2. Section 15.335A, subsection 1, unnumbered paragraph
10 1, Code 2019, is amended to read as follows:

11 ~~Tax~~ Except as provided in subsection 1A, tax incentives are
12 available to eligible businesses as provided in this ~~section~~
13 subsection. The incentives are based upon the number of jobs
14 created or retained that pay at least one hundred twenty
15 percent of the qualifying wage threshold and the amount of the
16 qualifying investment made according to the following schedule:

17 Sec. 3. Section 15.335A, Code 2019, is amended by adding the
18 following new subsection:

19 NEW SUBSECTION. 1A. Tax incentives are available to
20 eligible businesses in rural communities as provided in this
21 subsection. The incentives are based upon the number of
22 jobs created or retained that pay at least one hundred ten
23 percent of the qualifying wage threshold and the amount of the
24 qualifying investment made according to the following schedule:

25 a. The number of jobs is zero and economic activity is
26 furthered by the qualifying investment and the amount of the
27 qualifying investment is one of the following:

28 (1) Less than fifty thousand dollars, then the tax incentive
29 is the investment tax credit of up to two percent.

30 (2) At least fifty thousand dollars but less than two
31 hundred fifty thousand dollars, then the tax incentives are the
32 investment tax credit of up to two percent and the sales tax
33 refund.

34 (3) At least two hundred fifty thousand dollars, then the
35 tax incentives are the investment tax credit of up to two

1 percent, the sales tax refund, and the additional research and
2 development tax credit.

3 *b.* The number of jobs is one but not more than five and the
4 amount of the qualifying investment is one of the following:

5 (1) Less than fifty thousand dollars, then the tax incentive
6 is the investment tax credit of up to three percent.

7 (2) At least fifty thousand dollars but less than two
8 hundred fifty thousand dollars, then the tax incentives are the
9 investment tax credit of up to three percent and the sales tax
10 refund.

11 (3) At least two hundred fifty thousand dollars, then the
12 tax incentives are the investment tax credit of up to three
13 percent, the sales tax refund, and the additional research and
14 development tax credit.

15 *c.* The number of jobs is six but not more than ten and the
16 amount of the qualifying investment is one of the following:

17 (1) Less than fifty thousand dollars, then the tax incentive
18 is the investment tax credit of up to four percent.

19 (2) At least fifty thousand dollars but less than two
20 hundred fifty thousand dollars, then the tax incentives are the
21 investment tax credit of up to four percent and the sales tax
22 refund.

23 (3) At least two hundred fifty thousand dollars, then the
24 tax incentives are the investment tax credit of up to four
25 percent, the sales tax refund, and the additional research and
26 development tax credit.

27 *d.* The number of jobs is eleven but not more than fifteen
28 and the amount of the qualifying investment is one of the
29 following:

30 (1) Less than fifty thousand dollars, then the tax incentive
31 is the investment tax credit of up to five percent.

32 (2) At least fifty thousand dollars but less than two
33 hundred fifty thousand dollars, then the tax incentives are the
34 investment tax credit of up to five percent and the sales tax
35 refund.

1 (3) At least two hundred fifty thousand dollars, then the
2 tax incentives are the investment tax credit of up to five
3 percent, the sales tax refund, and the additional research and
4 development tax credit.

5 *e.* The number of jobs is sixteen or more and the amount of
6 the qualifying investment is one of the following:

7 (1) Less than fifty thousand dollars, then the tax incentive
8 is the investment tax credit of up to six percent.

9 (2) At least fifty thousand dollars but less than two
10 hundred fifty thousand dollars, then the tax incentives are the
11 investment tax credit of up to six percent and the sales tax
12 refund.

13 (3) At least two hundred fifty thousand dollars, then the
14 tax incentives are the investment tax credit of up to six
15 percent, the sales tax refund, and the additional research and
16 development tax credit.

17 *f.* The number of jobs is thirty-one but not more than forty
18 and the amount of the qualifying investment is at least two
19 million dollars, then the tax incentives are the local property
20 tax exemption, the investment tax credit of up to seven
21 percent, the sales tax refund, and the additional research and
22 development tax credit.

23 *g.* The number of jobs is forty-one but not more than sixty
24 and the amount of the qualifying investment is at least five
25 million dollars, then the tax incentives are the local property
26 tax exemption, the investment tax credit of up to eight
27 percent, the sales tax refund, and the additional research and
28 development tax credit.

29 *h.* The number of jobs is sixty-one but not more than
30 eighty and the amount of the qualifying investment is at least
31 five million dollars, then the tax incentives are the local
32 property tax exemption, the investment tax credit of up to nine
33 percent, the sales tax refund, and the additional research and
34 development tax credit.

35 *i.* The number of jobs is eighty-one but not more than one

1 hundred and the amount of the qualifying investment is at least
2 five million dollars, then the tax incentives are the local
3 property tax exemption, the investment tax credit of up to ten
4 percent, the sales tax refund, and the additional research and
5 development tax credit.

6 *j.* The number of jobs is at least one hundred one and the
7 amount of the qualifying investment is at least ten million
8 dollars, then the tax incentives are the local property
9 tax exemption, the investment tax credit of up to eleven
10 percent, the sales tax refund, and the additional research and
11 development tax credit.

12 Sec. 4. Section 15.335B, subsection 3, paragraph c, Code
13 2019, is amended to read as follows:

14 *c.* (1) Consider the amount and type of the local community
15 match- as follows:

16 (a) In a community with a population of less than five
17 thousand, a community match shall not be required.

18 (b) In a community with a population equal to or greater
19 than five thousand but less than fifteen thousand, a community
20 match of at least five percent of the projected funds to be
21 expended shall be required.

22 (c) In a community with a population equal to or greater
23 than fifteen thousand but less than thirty thousand, a
24 community match of at least ten percent of the projected funds
25 to be expended shall be required.

26 (d) In a community with a population equal to or greater
27 than thirty thousand, a community match of at least twenty
28 percent of the projected funds to be expended shall be
29 required.

30 (2) The Notwithstanding subparagraph (1), the authority may
31 provide assistance to an early-stage business in a high-growth
32 industry regardless of the amount of local match involved.

33 EXPLANATION

34 The inclusion of this explanation does not constitute agreement with
35 the explanation's substance by the members of the general assembly.

1 This bill relates to rural economic development by providing
2 tax incentives for high quality jobs in rural communities.

3 The bill creates a system of tax incentives under the high
4 quality jobs program for rural communities that is separate
5 from the high quality jobs program incentives in current Code
6 section 15.335A.

7 The bill defines "rural community" to mean any city located
8 in this state with a population of 30,000 or less in a county
9 with a population of 50,000 or less. A rural community located
10 in more than one county is considered to be located in the
11 county having the greatest taxable base within the city.

12 The tax incentives for an eligible business investing in a
13 rural community varies under the bill based upon the number of
14 jobs created or retained that pay at least 110 percent of the
15 qualifying wage threshold and the qualifying investment made in
16 the rural community by the eligible business.

17 The bill modifies the considerations made by the economic
18 development authority prior to providing assistance for
19 programs and projects pursuant to Code section 15.335B. In
20 providing such assistance for programs and projects the bill
21 specifies the economic development authority shall consider
22 the amount and type of the local community match as follows:
23 in a community with a population of less than 5,000, a match
24 is not required; if the population is equal to or greater than
25 5,000 but less than 15,000, a match of at least 5 percent
26 of the projected funds to be expended is required; if the
27 population is equal to or greater than 15,000 but less than
28 30,000, a match of at least 10 percent of the projected funds
29 to be expended is required; and if the population is equal to
30 or greater than 30,000, a match of at least 20 percent of the
31 projected funds to be expended is required.